

Employing Retirees

A Summary

This section provides information about the special rules that apply to retirees who return to work. This information applies to retirees returning to positions covered by the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS) the Teachers' Retirement System (TRS), the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), the Washington State Patrol Retirement System (WSPRS), or the Judicial Retirement System (JRS).

Employer Responsibilities

Retirement Status Form

RCW 41.50.139 requires you to obtain *a written form* from all new employees indicating whether they have ever been retired from a Washington State retirement system. The information should be obtained each time an employee begins working for you. The ***Retirement Status Form***, included in Chapter 12, "Forms," is provided for you to use to obtain this information. After the employee has completed the form, it should be filed in the employee's permanent record.

Reporting Retirees Returning to Work

If you hire a retiree, you must report the employment on the transmittal report, along with your active members. You must indicate the employment begin date, and type code to indicate position status as defined in each Washington State retirement system. When the position status changes for a retiree (ineligible to eligible or vice-versa), you must submit an end date for the previous position, along with a begin date and position type code for the new position.

Note: Retirees must be reported on the applicable system's transmittal report based on the position in which the retiree is working – not the system from which the employee is retired. Please see Chapters 7 and 8 for transmittal type codes and status codes and reporting for retirees.

When the retiree ends employment, you must report the end date, along with the appropriate type code.

If a retiree works in excess of the applicable post-retirement restrictions and you failed to report the employment of the retiree, **you will be liable for any pension overpayments made to the retiree.** In addition, if you report incorrect information that results in a retiree receiving a pension benefit in violation of the retirement rules, you are liable for any resulting overpayment.

Refer to DRS Notice 01-007 for more information about the rules for retirees who return to covered employment.

A pamphlet is available from DRS entitled “*Thinking about Working after Retirement?*” which provides information to members about the effect of reemployment on retirement benefits. For copies of this pamphlet, please contact DRS Office Services at 360-664-7066, or email to drsforms@drs.wa.gov. You may also access these pamphlets through the DRS Internet site at www.wa.gov/drs/retiree.

Service and Disability Retirees

Most individuals retire on a service retirement. The individual’s retirement benefit is based upon the number of years of eligible service in a retirement system. Some individuals retire on a disability retirement. An individual who becomes disabled as a result of an injury on the job may be eligible to retire on a duty disability. An individual who is disabled as a result of an illness or injury off the job may be eligible to retire on a non-duty disability.

When the term retiree is used on the following pages, it applies to both service and disability retirees unless otherwise noted. Disability retirees should be aware that they might lose their right to disability benefits by returning to employment. A disability retiree can be asked to undergo a medical examination at any time. If the medical examination shows the individual has recovered from the disability, the disability benefit may stop.

Disability retirees should contact the retirement system from which they retired for information about how returning to employment may affect their retirement benefit.

PERS Plan 1 Retirees

The following is a summary of the special provisions to consider when hiring a PERS Plan 1 retiree. **RCW 41.50.139 requires employers to report all retirees in their employ.** (Please see Chapters 7 and 8 for reporting retirees on the transmittal report.)

A PERS Plan 1 member, who terminates employment and applies for retirement but returns to work for a PERS-covered employer before his or her effective retirement date, will have his or her retirement nullified and the member must resume paying contributions.

A PERS Plan 1 retiree who returns to work for a PERS employer before being separated from employment for one full calendar month following his or her retirement accrual date will have his or her retirement benefit reduced 5.5 percent for every eight hours worked, to a maximum of 160 hours.

- A PERS Plan 1 retiree hired into an ineligible position must be reported on the transmittal with a begin date and position type code. Compensation and hours are not required, but can be reported on the transmittal, and such employment does not affect the retiree's pension.
- A PERS Plan 1 retiree who enters employment with an employer, after satisfying the break in employment requirement of one full calendar month, may work up to 1,500 hours per calendar year in an eligible position without a reduction of pension.
- A PERS Plan 1 retiree who is employed in an eligible position and works more than 1500 hours per calendar year will have his or her benefit suspended until termination of employment or the end of that calendar year, whichever occurs first.

Note: When a PERS Plan 1 retiree works more than 867 hours in a calendar year, while employed in an eligible position, the employer will receive an invoice for the applicable employer retirement contributions for the entire duration of the retiree's employment during that calendar year.

- A PERS Plan 1 retiree may have the option to reenter membership any time he or she is employed in an eligible PERS position. A PERS retiree may also be eligible to establish membership in another system and plan when employed in an eligible position. Please contact Retirement Services for membership eligibility in

the same or different system and plan. A PERS retiree elected or appointed to office has the option of remaining retired or returning to active member status while serving in the elected or appointed office.

- The Plan 1 limits apply to dual member retirees. The TRS Plan 1 rules apply to dual member retirees from PERS and TRS Plan 1.

TRS Plan 1 Retirees

The following is a summary of the special provisions to consider when hiring a TRS Plan 1 retiree. **RCW 41.50.139 requires employers to report all retirees in their employ.** (Please see Chapters 7 and 8 for reporting retirees on the transmittal report.)

- A TRS Plan 1 member who terminates employment but returns to work for a TRS employer before the individual's retirement accrual date will have his or her retirement nullified. The member must resume paying contributions.
- A TRS Plan 1 retiree who enters employment with an employer sooner than one calendar month after his or her accrual date will have his or her pension reduced 5.5 percent for every seven hours worked during that month, to a maximum of 140 hours per month. This reduction will be applied each month until the retiree remains absent from employment with an employer for one full calendar month.
- A TRS Plan 1 retiree who returns to work for a public non-education employer, after one full calendar month has passed following his or her retirement date will continue to receive his or her retirement benefit.
- A TRS Plan 1 retiree who works for a public education employer may work up to 1500 hours per fiscal year (July through June), regardless of position status, before their benefit is suspended.

Note: When a TRS Plan 1 retiree works more than 867 hours in a fiscal year, while employed by a public education employer, the employer will receive an invoice for the applicable employer retirement contributions for the entire duration of the retiree's employment during that fiscal year.

- A TRS Plan 1 retiree may have the option to reenter TRS membership any time he or she is employed in a position that

meets TRS membership requirements. A TRS Plan 1 retiree may also be eligible to establish membership in another system and plan when employed in an eligible position. Please contact Retirement Services for membership eligibility in the same or different system and plan.

PERS, SERS or TRS Plans 2 and 3 Retirees

The following is a summary of the special provisions to consider when hiring a PERS, SERS or TRS Plan 2 or Plan 3 retiree. **RCW 41.50.139 requires employers to report all retirees in their employ.** (Please see Chapters 7 and 8 for reporting retirees on the transmittal report.)

A Plan 2 or Plan 3 member, who terminates employment and applies for retirement but returns to work for a participating employer before his or her effective retirement date, will have his or her retirement nullified and the member must resume paying contributions.

A Plan 2 or Plan 3 retiree who returns to work for a participating employer before being separated from employment for one full calendar month following his or her retirement accrual date will have his or her retirement benefit reduced 5.5 percent for every eight hours worked, to a maximum of 160 hours.

- A Plan 2 or Plan 3 retiree hired into an ineligible position must be reported on the transmittal with a begin date and position type code. Compensation and hours are not required, but can be reported on the transmittal, and such employment does not affect the retiree's pension.
- A retiree from PERS, SERS or TRS Plans 2 or 3, may work up to 867 hours per calendar year in an eligible position before their benefit is suspended.
- A PERS Plan 2 retiree who was last employed by a school district and retired prior to September 1, 2000, may have the option of terminating their benefit and entering SERS Plan 2 membership. The retiree must contact DRS in writing to establish SERS membership. Once the retiree establishes SERS membership, the employer must report the employee as an active member. All benefits will be terminated.
- A PERS or SERS retiree elected or appointed to office has the option of remaining retired or returning to active member status while serving in the elected or appointed office. Please contact

Retirement Services if you have a PERS or SERS retiree elected or appointed to office.

- A retiree from PERS, SERS or TRS Plans 2 or 3, hired into an eligible position may have the option of reestablishing or entering membership in another system. Please contact Retirement Services for assistance in determining the retiree's eligibility for membership in another system.
- The Plan 1 limits apply to dual member retirees. The TRS Plan 1 rules apply to dual member retirees from PERS and TRS Plan 1.

LEOFF Retirees or Retirees in LEOFF-Covered Positions

The following is a summary of the special provisions to consider when hiring a retiree into a LEOFF position. **RCW 41.50.139 requires employers to report all retirees in their employ.** Please see Chapters 7 and 8 for reporting retirees on the transmittal report.

- A retiree hired as a less than full-time, fully compensated law enforcement officer or fire fighter is not required to become a member of LEOFF. Such employment does not affect the retiree's pension. Please contact LEOFF Retirement Services if you hire a LEOFF retiree into a less than full-time, fully compensated law enforcement officer or fire fighter position.
- A LEOFF retiree hired to work as a full-time, fully compensated law enforcement officer or fire fighter is required to return to membership in LEOFF beginning from the first day of employment and should be reported on the transmittal report. The retiree's pension will stop when membership begins.
- A LEOFF retiree, who established PERS Plan 1 membership prior to March 19, 1976, may reestablish PERS membership if employed in an eligible PERS position. Contact LEOFF membership if you have questions regarding a LEOFF retiree's eligibility for PERS membership. (See DRS Notice 98-011)
- A LEOFF Plan 2 service retiree will continue to receive a pension if employed in an ineligible PERS, SERS or TRS position.
- A LEOFF Plan 2 retiree hired to work in an eligible PERS, SERS or TRS position will have their benefit suspended until eligible employment is terminated.

- A retiree from another system hired into a full-time, fully compensated LEOFF position may be required to join LEOFF under certain circumstances. Please contact LEOFF Retirement Services if you are considering hiring a retiree from another system into such a position.

WSPRS Retirees or Retirees in WSPRS-Covered Positions

The following is a summary of the special provisions to consider when hiring a retiree into a WSPRS position or for hiring a WSPRS retiree in a position covered by another public retirement system. For assistance in determining a retiree's eligibility for retirement system membership, contact WSPRS Retirement Services. **RCW 41.50.139 requires employers to report all retirees in their employ.**

- A retiree from another system who becomes a commissioned officer of the Washington State Patrol may be required to, prohibited from, or have the option of joining WSPRS. Please contact WSPRS Retirement Services if you are considering hiring a retiree from another system into such a position.
- A WSPRS retiree who again becomes a commissioned officer of the Washington State Patrol is required to return to membership in WSPRS beginning from the first day of employment and should be reported on the monthly transmittal. The retiree's pension will stop when membership begins.
- Appointment by the chief to serve as a special deputy does not qualify an employee for membership in WSPRS.
- A WSPRS retiree who returns to work in a position covered by another public retirement system may have the option of establishing or reestablishing membership in that retirement system. Contact WSPRS Retirement Services for assistance in determining the options available to the retiree.
- A WSPRS retiree who established PERS Plan 1 membership prior to March 19, 1976, may reestablish PERS membership if employed in an eligible PERS position. Contact LEOFF membership if you have questions regarding a LEOFF retiree's eligibility for PERS membership. (See DRS Notice 98-011)

Retirees in JRS-Covered Positions

The following is a summary of the special provisions to consider when hiring a retiree into a JRS position. For assistance in determining a retiree's eligibility for JRS membership, contact Judicial Retirement Services. **RCW 41.50.139 requires employers to report all retirees in their employ.**

- A JRS retiree appointed to *pro tempore* service in the Superior Court, Court of Appeals, or Supreme Court, is not required to return to membership in JRS. The retiree's pension is not affected if this service is for 810 hours or less in a calendar year. If service extends beyond 810 hours in a calendar year, the retiree's pension is suspended until the employment ends. Please contact JRS Retirement Services if you have a JRS retiree appointed to *pro tempore* service whom you expect to work in excess of 810 hours in a calendar year.
- A JRS retiree elected or appointed to judicial service in the Superior Court, Court of Appeals, or Supreme Court, is required to return to membership in JRS beginning from the first day of employment and **should be reported on the transmittal report**. The retiree's pension will stop when membership begins.
- A retiree from another retirement system, who is elected or appointed to judicial service, cannot establish membership in JRS unless the retiree has previous JRS membership that has not been transferred to PERS. If eligible under the rules for elected officials, the retiree may elect to join PERS. (See the section entitled "PERS Membership" in Chapter 2 for details.)

Note: If a retiree had previous membership in JRS but has transferred that membership to PERS, please contact PERS Retirement Services for assistance in determining the retiree's eligibility for membership.

Personal Services Contracts

A retiree may work under a personal service contract as an independent contractor without being required to become a member of a retirement system. Retirement benefits are not affected by such employment.

To qualify as an independent contractor, a retiree must establish a valid contractual relationship with you. DRS follows the same criteria as the Internal Revenue Service for defining what constitutes a valid contractual relationship. Employers should review WAC 415-02-110 or contact their own legal counsel for assistance in determining whether a reemployed retiree's status is that of an employee or an independent contractor.

Membership for Retirees—A Summary Chart

Use the chart below to determine membership requirements for retirees returning to work in positions covered by the same retirement system from which they retired.

For assistance with determining membership requirements for retirees returning to work—in positions covered by systems other than those from which they retired—please contact the retirement system from which the individual retired.

Retired From:	Returning to:	Is Membership Required?
PERS Plan 1, 2, or PERS Plan 3	Eligible PERS position	No—the retiree may <i>elect</i> to return to PERS membership
	Ineligible PERS position	No
SERS Plan 2 or SERS Plan 3	Eligible SERS position	No—the retiree may <i>elect</i> to return to SERS membership
	Ineligible SERS position	No
TRS Plan 1	Full-time TRS position	No—the retiree may <i>elect</i> to return to TRS membership
	Less than full-time TRS position	No—the retiree may <i>elect</i> to return to TRS membership (if he/she meets eligibility requirements)
TRS Plan 2 or TRS Plan 3	Eligible TRS position	No—the retiree may <i>elect</i> to return to TRS membership
	Ineligible TRS position	No
LEOFF Plan 1 or LEOFF Plan 2	Full-time, fully compensated LEOFF position	Yes—from first day of employment
	Less than full-time, fully compensated LEOFF position	No
WSPRS	Position as a commissioned officer in WSP	Yes—from first day of employment
	Non-commissioned service with WSP	No
JRS	Elected or appointed judicial service	Yes—from first day of employment
	<i>Pro tempore</i> judicial service	No

Reporting Deferred Payments of Employee Compensation

A Summary

Some employees working in educational settings earn compensation in one month but are paid that compensation in a later month. If you defer payment of an employee's compensation, you need to make sure the employee's compensation is identified properly on the monthly transmittal. Retirement reporting requires compensation to be reported in the month it is paid and be identified by the month it is earned.

The employers who report deferred payments of employee compensation include school districts, community and technical colleges, educational service districts, the State School for the Deaf, the State School for the Blind, and four-year colleges and universities.

Procedures for Reporting Deferred Payments

Which Employees must be Considered

Special reporting on the monthly transmittal is required any time an employee has earnings deferred for payment in a later month. For example, an employee may:

- work for nine or ten months but be paid over 12 months;
- be paid on a month lag; or
- receive supplemental earnings during the year (e.g., for coaching).

Special reporting is *not* required if an employee is paid all salary in the month in which it is earned.

How to Determine the Deferred Amounts

When you defer payment of an employee's compensation, you must determine the amount of compensation (and the corresponding contributions) you have deferred each month. The following example shows how this can be accomplished for an employee who works for ten months (from September through June) but is paid over 12 months.

Note: If an employee is paid additional compensation for other duties, does not complete a contract, is given additional contracts, or makes other changes during the school year, you will need to make the necessary adjustments in your reporting to account for those changes.

Step One

Determine the amount of compensation you will *pay* the employee each month. In this example, the employee is paid over 12 months; divide the employee's total annual contract amount by 12.

Annual contract amount	\$43,200.00
Divided by months in the year	<u>÷ 12</u>
= Monthly compensation paid	\$ 3,600.00

Step Two

Determine the employee's daily or hourly rate of pay by dividing the employee's total annual contract amount by the number of days or hours the employee has been contracted to work.

Annual contract amount	\$43,200.00
Divided by contract days	<u>÷ 180</u>
= Daily salary	\$ 240.00

Or

Annual contract amount	\$43,200.00
Divided by contract days	<u>÷ 180</u>
Divided by hours in day	<u>÷ 7.5</u>
= Hourly salary	\$ 32.00

Step Three

Determine the amount of compensation the employee *earned* in a given month by multiplying the daily or hourly salary times the number of days or hours the employee worked that month. (Include days or hours the employee was in paid status; e.g., paid holidays, vacation time, or sick leave.)

Daily salary	\$ 240.00
Multiplied by days worked	<u> x 21 </u>
= Monthly compensation earned	\$5,040.00

Or

Hourly salary	\$ 32.00
Multiplied by hours worked	<u> x 157.5 </u>
= Monthly compensation earned	\$5,040.00

Step Four

Compare the monthly amount the employee was paid and the amount the employee earned. The difference is the amount of compensation that will be deferred.

Compensation earned	\$5,040.00
Minus compensation paid	<u> -3,600.00 </u>
= Deferred amount	\$1,440.00

Note: You will also need to figure the amount of contributions due on this deferred amount and report these deferred contributions when you report the deferred compensation.

How to Report the Deferred Amounts

How you report the deferred amounts of compensation and contributions will depend on the reporting method you choose. You can select either of two methods. With either method, you must always report the total compensation paid and identify the compensation by when it was earned.

Method #1: Next Month Correction

With this method, you will add lines to your transmittal report each month to account for the deferred amounts of compensation and contributions from the preceding month. The chart on the following page shows how to use this method to report a PERS Plan 1 member with a 12-month contract of \$43,200. Notice that:

- service is reported in hours because the employee is a PERS Plan 1 member;
- multiple lines are used for reporting after the employee's first month;
- the compensation and contributions that have been deferred are identified with the proper earning period; and
- with July and August reporting, status code B is used to report zero compensation, contributions, and service for these months when the employee did not work.

Report on the Monthly Transmittal						Keep in Your Records		
Report Period	Earning Period	Status Code	Comp.	Member/ Employer Contrib.	Hours	Comp. Earned	Comp. Balance Owed	Contrib. Balance Owed
09/98	09/98	A	3600.00	486.00	157.5	5040.00	1440.00	194.40
10/98	09/98	A	1440.00	194.40	0.0	5280.00	3120.00	421.20
	10/98	A	2160.00	291.60	165.0			
11/98	10/98	A	3120.00	421.20	0.0	4320.00	3840.00	518.40
	11/98	A	480.00	64.80	135.0			
12/98	11/98	A	3600.00	468.00	0.0	3360.00	3600.00	486.00
	12/98	A	0.00	0.00	105.0			
01/99	11/98	A	240.00	32.40	0.0	4560.00	4560.00	615.60
	12/99	A	3360.00	453.60	0.0			
	01/99	A	0.00	0.00	142.5			
02/99	01/99	A	3600.00	486.00	0.0	4560.00	5520.00	745.20
	02/99	A	0.00	0.00	142.5			
03/99	01/99	A	960.00	129.60	0.0	4800.00	6720.00	907.20
	02/99	A	2640.00	356.40	0.0			
	03/99	A	0.00	0.00	150.0			
04/99	02/99	A	1920.00	259.20	0.0	4800.00	7920.00	1069.20
	03/99	A	1680.00	226.80	0.0			
	04/99	A	0.00	0.00	150.0			
05/99	03/99	A	3120.00	421.20	0.0	4800.00	9120.00	1231.20
	04/99	A	480.00	64.80	0.0			
	05/99	A	0.00	0.00	150.0			
06/99	04/99	A	1800.00	108.00	0.0	840.00	3600.00	216.00
	06/99	A	0.00	0.00	52.5			
07/99	04/99	A	720.00	97.20	0.0	0.00	3600.00	472.50
	05/99	A	2880.00	388.80	0.0			
	07/99	B	0.00	0.00	0.0			
08/99	05/99	A	1920.00	259.20	0.0	0.00	0.00	0.00
	06/99	A	1680.00	226.80	0.0			
	08/99	B	0.00	0.00	0.0			
TOTAL:			43200.00			43200.00		

Method #2: End-of-Year Correction

With this method, you will wait until the last few months of the employee's contract year to account for the deferred payments from the preceding months. The chart on the following page shows how to use this method to report a TRS Plan 1 member with a 12-month contract of \$43,200. Notice that:

- a single line is used for reporting for the first nine months of the 12-month contract. Multiple lines are needed for reporting during the final three months of the contract;
- for June, July and August reporting, status code A is used to report the deferred compensation and contributions from prior months. Compensation is identified by the proper earning period; and
- with July and August reporting, status code B is used to report zero compensation, contributions and service for these months when the employee did not work.

Report on the Monthly Transmittal						Keep in Your Records		
Report Period	Earning Period	Status Code	Comp.	Member/ Employer Contrib.	Days	Comp. Earned	Comp. Deferred	Cntrib. Deferred
09/98	09/98	A	3600.00	645.48	21.0	5040.00	1440.00	258.19
10/98	10/98	A	3600.00	645.48	22.0	5280.00	1680.00	301.22
11/98	11/98	A	3600.00	645.48	18.0	4320.00	720.00	129.10
12/98	12/98	A	3600.00	645.48	14.0	3360.00	-240.00	-43.03
01/99	01/99	A	3600.00	645.48	19.0	4560.00	960.00	172.13
02/99	02/99	A	3600.00	645.48	19.0	4800.00	1200.00	215.16
03/99	03/99	A	3600.00	645.48	20.0	4800.00	1200.00	215.16
04/99	04/99	A	3600.00	645.48	20.0	4800.00	1200.00	215.16
05/99	05/99	A	3600.00	645.48	20.0	4800.00	1200.00	215.16
06/99	06/99	A	1680.00	301.22	7.0	1680.00	—	—
	09/98	A	1440.00	258.19	0.0			
	10/98	A	480.00	86.60	0.0			
07/99	07/99	B	0.00	0.00	0.0	—	—	—
	10/98	A	1200.00	215.16	0.0			
	11/98	A	720.00	129.10	0.0			
	12/98	A	-240.00	-43.03	0.0			
	01/99	A	960.00	172.13	0.0			
	02/99	A	960.00	172.13				
08/99	08/99	B	0.00	0.00	0.0	—	—	—
	03/99	A	1200.00	216.16	0.0			
	04/99	A	1200.00	216.16	0.0			
	05/99	A	1200.00	216.16	0.0			
TOTAL:			43200.00			43200.00		

Points to Remember

When reporting deferred compensation and contributions, remember the following points:

- Make sure the total compensation you report for each reporting period matches the total compensation the employee was paid for that period. Some, or all, of this compensation may need to be identified as earned in a prior period.
- Use additional lines in your reporting when you need to report more than one earning period. Use the line with the current earning period to report the actual number of hours or days the employee works in a month.
- Use status code B and report zero compensation, contributions and service in any months when the employee does not work.
- Be sure to adjust your reporting if the employee has multiple contracts, does not complete a 12-month contract, earns other compensation, or makes other changes during the school year.

Quarterly Reporting to Substitute Teachers

A Summary

Special reporting is required for any employee who works for you only as a substitute teacher. Substitute teachers are not reported on the monthly transmittal; instead, they must be provided with a quarterly report. This section describes how to accomplish this quarterly reporting to substitute teachers.

A substitute teacher may work for any of the following TRS employers: school districts, educational service districts, community or technical colleges, the State School for the Deaf, or the State School for the Blind.

Definition of a Substitute Teacher

A substitute teacher is defined as (see RCW 41.32.010(36)):

- any teacher hired as a temporary teacher, except for teachers who are contract employees and are guaranteed a minimum number of hours; or
- any teacher who works in an ineligible position for you and works for another TRS employer in an eligible or ineligible position, or as a substitute.

A temporary teacher is someone who has no written agreement to work for you, who reports for teaching only when contacted, and who may refuse any offer of employment.

The term *ineligible position* is used in TRS Plan 2 and Plan 3 law but not in TRS Plan 1 law; the second part of the definition applies only to TRS Plan 2 and Plan 3 members. An ineligible position is any position that normally requires fewer than five months of 70 or more hours of compensated employment during the school year (September 1–August 31).

Determining the Reporting Method

The type of reporting that is required will depend upon the employee's service for you. Refer to the following chart to determine the correct method to use for your reporting.

Employee	Service For You	Reporting Method
TRS Plan 1 Member	Substitute teaching only	Quarterly report
	Substitute teaching + less than full-time contract	Monthly transmittal (Report all days)
	Substitute teaching + full-time contract	Monthly transmittal (Report all days)
	Full-time contract only	Monthly transmittal
	Less than full-time contract only	Monthly transmittal
TRS Plan 1 Former (Withdrawn) Member	Substitute teaching only	Quarterly report
	Substitute teaching + less than full-time contract	Quarterly report (Report all days)
	Substitute teaching + full-time contract	Monthly transmittal (Report all days)
	Full-time contract only	Monthly transmittal
	Less than full-time contract only	Quarterly report (Optional **)
TRS Plan 2 or TRS Plan 3 Member	Substitute teaching only	Quarterly report
	Substitute teaching + TRS ineligible position *	Quarterly report (Report all hours)
	Substitute teaching + TRS eligible position *	Monthly transmittal (Report all hours)
	TRS eligible position * only	Monthly transmittal
	TRS ineligible position * only	Quarterly report (Optional **)
PERS Plan 1 or SERS Plan 2 or Plan 3 Member	Substitute teaching + PERS/SERS eligible position	Monthly transmittal (Report all hours under PERS)
	Substitute teaching + PERS/SERS ineligible position	Quarterly report (Report all hours)

* The TRS eligible or ineligible position must be a contracted position.

** If you know the employee *does not* work for any other employer, the quarterly report is optional.

The Quarterly Report

The quarterly report provides a record of the number of hours or days the substitute teacher worked and the amount of compensation earned. The substitute teacher can use the quarterly report to apply to TRS Retirement Services for service credit.

What to Include on the Quarterly Report

To be accepted as proof of service and compensation, the quarterly report must provide:

- your organization's name and TRS reporting group number. The reporting group number is not required by law on the quarterly report; including it will assist TRS Retirement Services in processing the substitute's application;
- the employee's name and Social Security number;
- the total number of hours (for TRS Plan 2 or TRS Plan 3) or days (for TRS Plan 1) the employee worked for you each month. (If you are not sure of an employee's plan, report the employee's hours or days and give the conversion rate; for example, 7.5 hours = 1 day.);
- the total amount of compensation the employee earned with you each month. (Be sure to identify compensation by when it was earned, not by when it was paid.); and
- the signature of the payroll officer or other person authorized to sign Verification of Employment forms. (A signature plate may be used.)

If your quarterly report does not provide this information, you will be required to provide any missing details at the time the substitute applies for service credit.

When to Provide the Quarterly Report

You must provide a report to each substitute teacher at least on a quarterly basis. You can divide the year into the quarters most convenient for you to use for reporting. For example, you could assign the months September, October and November as the first quarter, or you could select July, August and September as the first quarter. You may also provide the report on a monthly basis.

The school year for TRS Plan 1 substitute teachers is the period from July 1 of one year through June 30 of the following year. The school year for TRS Plan 2 and Plan 3 substitute teachers is the period from September 1 of one year through August 31 of the following year.

What the Quarterly Report Should Look Like

On the following page, is an example of a quarterly report using the recommended format. This sample shows how information should be reported for the first quarter of a school year. The remainder of the report is completed as the employee worked the remaining quarters of the year.

Substitute Teacher's Quarterly Report

Belltown School District
Reporting Group No.: 654321

Employee Name: John Wright SSN: 555 11 0000
Employee Address: 1200 W. Main
Belltown, WA 98000

Month	Days	Hours	Compensation
September	17	127.5	\$ 1,360.00
October	20	150.0	\$ 1,600.00
November	15	112.5	\$ 1,200.00
1st Quarter Totals	52	390.0	\$ 4,160.00
December	00	00.0	\$ 00
January	00	00.0	\$ 00
February	00	00.0	\$ 00
2nd Quarter Totals	00	00.0	\$ 00
March	00	00.0	\$ 00
April	00	00.0	\$ 00
May	00	00.0	\$ 00
3rd Quarter Totals	00	00.0	\$ 00
June	00	00.0	\$ 00
July	00	00.0	\$ 00
August	00	00.0	\$ 00
4th Quarter Totals	00	00.0	\$ 00
Yearly Totals	52	00.0	\$ 4,160.00

Conversion Factor: 1 day = 7.5 hours

Signature (Payroll Officer):_____

How the Quarterly Report is Used

Substitute teachers can use the quarterly report to apply for service credit for a period of employment. Substitutes can apply for service credit any time before their retirement. To receive service credit, the individual must:

- be an active TRS member (or be eligible for TRS membership based on the service as a substitute);
- submit the quarterly reports after the end of the school year for which application is being made (June 30 for TRS Plan 1 or August 31 for TRS Plan 2 or Plan 3) and before retirement; and
- pay all employee contributions due, as well as any interest that may apply.

Note: The employee will be billed for the interest on both employee and employer contributions if payment is made more than six months after the end of the school year for which application has been made. The employer will be billed for employer contributions only after the employee's contributions and any applicable interest have been paid.

If employees have questions about this option to establish service credit for substitute teaching, refer them to the DRS pamphlet titled *Substitute Teachers' Service Credit* or have them contact TRS Retirement Services.

Reporting in Higher Education

A Summary

Washington State has six distinct, and one category of, institutions of higher education (Institutions):

- University of Washington (UW)
- Washington State University (WSU)
- Western Washington University (Western)
- Central Washington University (Central)
- Eastern Washington University (Eastern)
- The Evergreen State College (Evergreen)
- The State Community and Technical Colleges

In Washington State higher education institutions, many employees who would be mandated into PERS or TRS may be exempted if they qualify for membership in a Higher Education Retirement Plan (HERP). The four-year Institutions have each developed rules for participation in their own retirement plans. The State Board for Community and Technical Colleges sponsors rules for the HERP for the Community and Technical Colleges, adopting and implementing the rules each college uses to locally administer the plan. Please check with the appropriate individual at your institution for details about the requirements for HERP participation.

An employee who is eligible for HERP participation and is a current PERS or TRS member may be given certain options for retirement coverage. This section provides information about these options for PERS or TRS members working in higher education.

Retirement Options for PERS or TRS Members

Active PERS or TRS Members

Depending upon the rules at your institution, an active PERS or TRS member who is eligible for coverage by a Higher Education Retirement Plan (HERP) **may** be allowed the following options for retirement coverage.

The employee may:

- continue membership in PERS or TRS and not join a HERP;
- continue membership in PERS or TRS until vested, then end PERS or TRS membership and join a HERP;
- end PERS or TRS membership immediately and join a HERP; or
- end PERS or TRS membership immediately and postpone making contributions to a HERP for up to two years. Employees of community colleges, technical colleges and several of the four-year higher education institutions are not provided this option after January 1, 1997.

Please contact your plan administrator for other options that may be available.

An active member of PERS Plan 1 or Plan 2 can continue membership in PERS if employed in an eligible PERS position. An active member of TRS Plan 1 can continue membership in TRS if hired under a written contract, regardless of the number of hours of employment. An active member of TRS Plan 2 or TRS Plan 3 can continue membership in TRS if employed in an eligible TRS position. (See Chapter 2 for details about membership requirements.)

If an employee elects to continue PERS or TRS membership, report him or her on the monthly transmittal from the first day of eligible employment.

Note: When describing the membership options, let the employee know this is a one-time, irrevocable election. An employee cannot elect to end PERS or TRS membership and then later, based on the same employment with you, elect to rejoin PERS or TRS.

Former PERS or TRS Members

A former member of PERS or TRS who has withdrawn contributions from the system is treated the same as an individual who has never been a PERS or TRS member. If the individual is eligible for HERP coverage, he or she may elect to join a HERP immediately, if allowed, or wait up to two years (without any retirement coverage) and then join a HERP.

Reporting Retirees

Retirees from TRS, PERS, SERS, LEOFF, WSPRS, or JRS hired to work for a higher education institution, is subject to the same return-to-work rules as a retiree hired to work for any DRS covered employer. Please refer to Chapters 7 and 8 for instructions for reporting retirees on the transmittal.

Note: A retiree from PERS Plan 1, 2 or 3, who has been separated from employment for one full calendar month following the retirement accrual date, may continue to receive his/her monthly benefit as long as they are an active member of a higher education retirement plan. (WAC 415-108-710). The retiree will be reported on the transmittal report as a retiree employed in an ineligible position as long as they remain an active member of a higher education retirement plan.

A retiree from a system other than PERS, who is an active member of the higher education retirement plan, will be subject to the DRS retiree return-to-work rules for the system and plan from which he/she retired. You must also report the correct position status; e.g., eligible or ineligible.

